BACKGROUND FOR 3:30 SESSION WITH HOUSE REPUBLICANS

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STATEMENT BY UNDER SECRETARY BUCKLEY
BEFORE THE SENATE AND HOUSE FOREIGN RELATIONS COMMITTEES
ON MILITARY EQUIPMENT FOR ISRAEL AND SAUDI ARABIA

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DEPARTMENT OF STATE A/CDC/MR
F. Schneider 7/2/85
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I welcome this opportunity to begin a dialogue with the Committee on the Reagan Administration's concerns about:

-- the strategic situation in the Middle East and Southwest Asia;

-- the Soviet threat to the region;

-- the other pressures on the stability of the area; and

-- our determination to strengthen our friends there and improve our own strategic posture.

Specifically, today I want to consult with you about Saudi Arabia's request for additional equipment for its F-15s and for airborne surveillance aircraft. I also want to describe to you certain actions the Administration proposes to take to strengthen Israel's defense and defense industry.

First I want to assure the Committee that we are aware of the commitments made in 1978 with respect to enhancement items for the Saudi F-15's. But the critical fact today is that circumstances in the region have changed dramatically. We are faced with a serious and threatening situation in the Persian Gulf/Indian Ocean area, a situation in which the Soviet Union is energetically pursuing its strategic goals. We must recognize that our own vital interests in the region demand that we realistically assess, and vigorously respond to, the security needs of our friends. After careful study, we have concluded that the actions which we are discussing with you today are essential to the maintenance and protection of our interests. In helping Saudi Arabia and Israel in the ways which we propose, we help ourselves.

Let us quickly review what has happened since 1978:

-- The Soviet invasion of Afghanistan. There are currently 85,000 Soviet troops in Afghanistan with an additional 35,000 troops actively engaged in support roles just over the Soviet border. As a result, Soviet tactical aircraft are now within range of the Hormuz Straits, through which 2/3 of the world's oil exports must pass.

-- The Iranian Revolution, which has turned a nation which once was an important factor in regional security into a major element of instability in the area. We are of course concerned about the potential for Soviet exploitation of the situation in Iran.

-- The Iran/Iraq war has demonstrated again the volatility of the region and the propensity of states there to resort to military force and to attacks on critical oil facilities.

Add to these dramatic events, the Soviet Union's position in Ethiopia and South Yemen: both of these Marxist states are tied to the Soviet Union and to each other by treaties of friendship and cooperation in which military cooperation is stated explicitly and prominently.

In sum, the Soviets have achieved a position which states in the region have long feared: an encirclement of the major Middle East oil fields, which threatens both the peoples of that area and the well-being of the industrial democracies.

The arms decisions we wish to make with respect to Saudi Arabia and Israel will support a broader strategy designed to block Soviet penetration into this vital region, to contribute to area stability, and to strengthen the U.S. security position. I might add that while our proposals are based on our own analysis, the Carter Administration

clearly shared our view of the seriousness of the present situation, for it advised the Saudi leaders in late 1980 that it understood the need to deal with new needs imposed by new threats, and that it was prepared to recommend sympathetic consideration of the Saudi requests.

Our relationship with Saudi Arabia involves a range of key national interests and the Saudi Government attaches major importance to our response to its request for this equipment. We propose to respond that:

-- We are prepared to submit notification to the Congress for sale of conformal fuel tanks for the F-15's and AIM-9L Sidewinder Missiles;

-- We will agree to provide airborne surveillance aircraft subject to further determination of Saudi's requirements;

-- And we are prepared to be responsive on providing a refueling capability. We also will be talking with the Saudis about their air-to-ground requirements for defense against invasion in response to their earlier request for bomb racks.

These actions are intended to stress to the Saudis the seriousness with which we view the increased threat to the region as the result of the fall of the Shah and the Soviet invasion of Afghanistan. On the basis of these actions, we expect to be working more actively with the Saudis to broaden the scope of our defense cooperation against threats to the area.

Because the Soviet threat is of major concern to us, we are giving great care to developing a closer strategic dialogue with Israel and with other countries in the area. We want to be absolutely assured of the continued adequacy

of Israel's defenses, and we have carefully considered Israel's concern about the steps we are proposing vis-a-vis Saudi Arabia. In this respect, I wish to take this occasion to reiterate our firm and continuing commitment to Israel's security as essential to our own strategic interest.

Israel has long planned to purchase an additional ten F-15's over and above the forty F-15 aircraft we have already sold them. This would round out the Israeli complement of F-15's to fill two full squadrons of 25 aircraft each. However, Israel's internal economic problems and the need to allocate scarce defense funds to other, highly essential areas have forced Israel to forego these additional aircraft.

In view of the changed circumstances in the Middle East situation, we are prepared, with the concurrence of the Congress, to provide Israel with appropriate credit arrangements necessary for the purchase of additional F-15's or

other defensive aircraft. (We expect to propose to the Congress an additional $300 million in security assistance for Israel in FY '83 and a similar amount in FY '84 for this purpose).

As you know, the development of an economically viable defense industry in Israel is extremely important to its security. In this connection the Israelis attach great importance to the U.S. attitude toward licensing exports of the Kfir fighter aircraft. We intend to be as forthcoming as we can to Israeli requests to seek such sales.

We would appreciate your views on these proposals and hope that you will agree with our conclusions and offer your support. We expect to continue to consult closely with you on our broad efforts to improve our security posture in the Middle East and the Persian Gulf.

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